

EXHIBIT

DATE

3-23-09

HB

658

## Legislative Fiscal Division

Change in Tax Revenue Received for the 95 Mills By Class of Property - 4 year Phase-In - TY08-TY12 - HB  
658 - Representative Jopek

	Current Law TY08	Proposed Law				03/13/09
		TY09	TY10	TY11	TY12	
<b>Tax Rates</b>						
Residential Property	3.01%	3.00%	3.00%	3.00%	3.00%	3.00%
Commercial Property	3.01%	3.00%	3.00%	3.00%	3.00%	3.00%
Ag Land	3.01%	2.78%	2.57%	2.40%	2.25%	2.25%
Timber Land	0.35%	0.31%	0.28%	0.25%	0.23%	0.23%
<b>Market Value Exemptions</b>						
Homestead	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
Constead	15.00%	22.00%	28.00%	33.00%	37.50%	37.50%
<b>Residential Taxable Value Exemption</b>		5.80%	9.60%	13.40%	17.20%	

<b>Residential Property</b>						
Unmitigated Revenue	95,645,867	108,166,773	120,687,680	133,208,586	145,729,492	
4 Yr Cycle, Proposed Law	95,645,867	101,554,585	108,739,198	114,975,384	120,263,142	
Impact of Proposal - Difference	-	(6,612,188)	(11,948,481)	(18,233,202)	(25,466,350)	
Unmitigated - Compared with Change from TY 2008		12,520,906	25,041,812	37,562,719	50,083,625	

<b>Commercial Property</b>						
Unmitigated Revenue	27,530,622	30,032,720	32,534,818	35,036,916	37,539,015	
4 Yr Cycle, Proposed Law	27,530,622	27,467,878	27,467,347	27,525,582	27,510,515	
Impact of Proposal - Difference	-	(2,564,842)	(5,067,471)	(7,511,334)	(10,028,500)	
Unmitigated - Compared with Change from TY 2008		2,502,098	5,004,196	7,506,295	10,008,393	

<b>Agricultural Property</b>						
Unmitigated Revenue	13,499,373	14,645,367	15,791,362	16,937,357	18,083,352	
4 Yr Cycle, Proposed Law	13,499,373	13,526,286	13,482,990	13,504,869	13,499,373	
Impact of Proposal - Difference		(1,119,081)	(2,308,372)	(3,432,488)	(4,583,979)	
Unmitigated - Compared with Change from TY 2008		1,145,995	2,291,990	3,437,984	4,583,979	

<b>Timberland</b>						
Unmitigated Revenue	647,484	734,976	822,468	909,961	997,453	
4 Yr Cycle, Proposed Law	647,484	650,979	657,975	649,972	647,484	
Impact of Proposal - Difference		(83,997)	(164,494)	(259,989)	(349,969)	
Unmitigated - Compared with Change from TY 2008		87,492	174,985	262,477	349,969	

<b>Amount Available for Circuit Breaker</b>						
	5,876,382	13,024,165	19,332,462	24,597,168		
<b>Administrative Costs</b>						
	2,575,035	3,279,415	3,738,885	5,663,835		

# Deconstruction of Tax Relief - by Type of Relief

	Current Law		Proposed Law				4 year total
	TY08	TY09	TY10	2011 Biennium	TY11	TY12	2013 Biennium
<b>Proposed Tax Relief</b>							
Unmitigated 95 Mill Revenue, without 34 percent Homestead	95,645,867	163,889,051	182,860,121	346,749,171	201,831,191	220,802,261	422,633,451
Unmitigated 95 Mill Revenue, with 34 percent Homestead	95,645,867	108,166,773	120,687,680	228,854,453	133,208,586	145,729,492	278,938,078
Increase in 95 mill revenue due to reappraisal, without 34 % Homestead	-	68,243,183	87,214,253	155,457,437	106,185,324	125,156,394	231,341,717
Increase in 95 mill revenue due to reappraisal, with 34 % Homestead	-	12,520,906	25,041,812	37,562,719	37,562,719	50,083,625	87,646,344
Impact of 34 percent on Residential Taxes during Reappraisal	-	55,722,277	62,172,441	117,894,718	68,622,605	75,072,769	143,695,373
Impact of New Taxable Value Exemption	-	6,612,188	11,948,481	18,560,669	18,233,202	25,466,350	43,699,552
Impact of Circuit Breaker	10,500,000	5,908,718	13,093,331	19,002,049	19,329,517	24,617,275	43,946,792
Total 95 Mill Tax Relief including 34 percent Homestead	-	80,764,090	112,256,066	193,020,156	143,748,042	175,240,019	318,988,061
							386,799,154

<b>Current Tax Relief</b>							
Homeowner Renter Credit	9,810,000	9,810,000	9,810,000	19,620,000	9,810,000	9,810,000	19,620,000
PTAP	350,000	350,000	350,000	700,000	350,000	350,000	700,000
DAV Property Tax Relief	232,750	232,750	232,750	465,500	232,750	232,750	465,500
Existing Property Tax Relief	10,392,750	10,392,750	10,392,750	20,785,500	10,392,750	10,392,750	20,785,500
							41,571,000

Unmitigated 6 mill Revenue	790,794	1,581,588	2,372,382	2,372,382	2,372,382	3,163,176	5,535,559
6-Mill Revenue under the proposal	417,612	754,641	1,172,253	1,172,253	1,151,571	1,608,401	2,759,972
							7,907,941
							3,932,224

License	County	Share of			Percent Increase in Share of residential Property
		Residential Property Before Reappraisal	Increase due to Reappraisal	Residential Property After Reappraisal	
01	Silver Bow	1.9%	2.2%	2.0%	4.4%
02	Cascade	6.0%	4.4%	5.4%	-9.7%
03	Yellowstone	12.2%	10.9%	11.7%	-3.7%
04	Missoula	11.0%	12.0%	11.4%	3.2%
05	Lewis & Clark	5.7%	6.3%	5.9%	3.8%
06	Gallatin	13.0%	11.9%	12.6%	-2.9%
07	Flathead	14.5%	18.0%	15.7%	8.6%
08	Fergus	0.9%	0.8%	0.8%	-3.1%
09	Powder River	0.1%	0.1%	0.1%	-9.2%
10	Carbon	1.5%	1.5%	1.5%	-1.3%
11	Phillips	0.2%	0.2%	0.2%	-5.3%
12	Hill	0.8%	0.6%	0.8%	-9.8%
13	Ravalli	5.4%	5.9%	5.6%	2.9%
14	Custer	0.6%	0.6%	0.6%	-0.6%
15	Lake	4.6%	6.4%	5.3%	13.4%
16	Dawson	0.4%	0.5%	0.4%	14.0%
17	Roosevelt	0.2%	0.1%	0.2%	-14.8%
18	Beaverhead	0.8%	0.8%	0.8%	0.1%
19	Chouteau	0.4%	0.2%	0.3%	-11.2%
20	Valley	0.4%	0.3%	0.4%	-4.1%
21	Toole	0.3%	0.2%	0.2%	-15.0%
22	Big Horn	0.3%	0.2%	0.3%	-7.9%
23	Musselshell	0.3%	0.2%	0.3%	-12.2%
24	Blaine	0.2%	0.2%	0.2%	-10.9%
25	Madison	4.3%	2.8%	3.8%	-12.4%
26	Pondera	0.4%	0.2%	0.3%	-16.6%
27	Richland	0.4%	0.6%	0.5%	15.4%
28	Powell	0.5%	0.4%	0.5%	-5.1%
29	Rosebud	0.3%	0.3%	0.3%	2.7%
30	Anaconda/Deer Lodge	0.6%	0.6%	0.6%	-3.1%
31	Teton	0.5%	0.4%	0.4%	-1.3%
32	Stillwater	1.1%	0.8%	1.0%	-9.2%
33	Treasure	0.0%	0.0%	0.0%	-9.2%
34	Sheridan	0.2%	0.1%	0.2%	-12.4%
35	Sanders	1.2%	1.3%	1.2%	4.5%
36	Judith Basin	0.2%	0.1%	0.2%	-7.0%
37	Daniels	0.1%	0.1%	0.1%	-16.2%
38	Glacier	0.3%	0.2%	0.3%	-12.8%
39	Fallon	0.1%	0.1%	0.1%	0.5%
40	Sweet Grass	0.5%	0.3%	0.4%	-13.3%
41	McCone	0.1%	0.1%	0.1%	-0.4%
42	Carter	0.1%	0.0%	0.1%	-8.9%
43	Broadwater	0.5%	0.5%	0.5%	4.6%
44	Wheatland	0.1%	0.1%	0.1%	-10.3%
45	Prairie	0.1%	0.0%	0.0%	-10.0%
46	Granite	0.4%	0.4%	0.4%	-1.3%
47	Meagher	0.2%	0.2%	0.2%	-3.4%
48	Liberty	0.1%	0.1%	0.1%	-21.1%
49	Park	2.2%	2.5%	2.3%	5.2%
50	Garfield	0.1%	0.1%	0.1%	10.9%
51	Jefferson	1.2%	1.0%	1.1%	-3.6%
52	Wibaux	0.0%	0.1%	0.1%	9.8%
53	Golden Valley	0.1%	0.0%	0.1%	-14.7%
54	Mineral	0.4%	0.4%	0.4%	2.4%
55	Petroleum	0.0%	0.0%	0.0%	5.3%
56	Lincoln	1.9%	1.3%	1.7%	-11.2%

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55	Petroleum	0.0%	0.0%	0.0%	5.3%
56	Lincoln	1.9%	1.3%	1.7%	-11.2%



## House Bill 658.01

House bill 658.01 was introduced by Rep. Mike Jopek at the request of the Senate Joint Select Committee on Reappraisal. This bill is scheduled for hearing before the House Taxation Committee on Monday, March 23, 2009.

- **Section One establishes a new, limited circuit breaker**

- Creates an income tax credit for property taxes billed or rent-equivalent tax paid, in excess of 3% of the property owner or renter's federal adjusted gross income
- Applies only to qualified residences
  - Class 4 residential dwellings, including units of a multi-unit dwelling, trailers and manufactured or mobile homes
  - Must be occupied for at least 7 months
    - 7 month period of occupation may be split between up to two class 4 residential dwellings
  - Includes up to 1 acre of land beneath the dwelling
- The income tax credit is capped at \$1,500
- The income tax credit is refundable
- Only one claim may be made with respect to any property
- Disabled veterans are entitled to 135% of the credit
- Unremarried surviving spouses of deceased veterans are entitled to 125% of the credit
- Certain claimants age 62 and older are entitled to 120% of the credit
  - Must have income less than 66% of median federal adjusted gross income (agi)
- Certain claimants age 62 and older are entitled to 115% of the credit
  - Must have income less than 33% of median federal agi

- **Section 2 establishes a new property tax exemption**
  - The exemption applies to qualified homes
    - Class 4 residential dwelling, including units of a multi-unit dwelling, trailers and manufactured or mobile homes
    - Must be occupied for at least 7 months
      - 7 month period of occupation may be split between up to two class 4 residential dwellings
    - Includes up to 1 acre of land beneath the dwelling
    - Property may be owner or renter occupied
    - Does not include time shares or living quarters within a commercial structure
  - The amount of the exemption grows each year of the reappraisal cycle
  - Requires initial application and annual certification
    - Requires renters occupying a single family dwelling to provide the annual certification on behalf of a property owner
      - Creates a legal liability that may subject the renter to a lawsuit by owner for failure to certify
- Provides a penalty for the filing of false or fraudulent applications and certifications
- **Section 3 amends existing section 2-15-122**
  - The amendment is necessary because the bill also amends section 15-6-134 to repeal the property tax assistance program (PTAP)
    - Repeal of PTAP includes repeal of formula used in 2-15-122 to determine daily pay rates for advisory counsel members
  - Recodifies the formula that had existed in 15-6-134 in 2-15-122
  - Does not result in a change in existing law
- **Section 4 amends existing section 5-2-301**
  - The amendment is necessary because the bill also amends section 15-6-134 to repeal the property tax assistance program (PTAP)
    - Repeal of PTAP includes repeal of formula used in 5-2-301 to determine daily pay rates for advisory counsel members under 5-2-301
  - Recodifies the formula that had existed in 15-6-134 in 5-2-310
  - Does not result in a change in existing law

- **Section 5 amend existing section 15-6-133**
  - Amends current class 3 property tax rate
    - Rate decreases from 2.78% to 2.25% over four year reappraisal cycle
- **Section 6 amends existing section 15-6-134**
  - Repeals PTAP
  - Amends current class 4 tax rate to 3%
- **Section 7 amends existing section 15-6-143**
  - Amends current class 10 tax rate
    - Rate decreases from 0.31% to 0.23% over four year reappraisal cycle
- **Section 8 amends existing section 15-6-193**
  - Amends existing extended property tax assistance program (EPTAP)
    - increases household income, increase in the taxable value percentage, and increase in the tax liability requirements
- **Section 9 amends existing section 15-6-222**
  - Establishes a flat 34% homestead exemption for class 4 residential property
    - No effect on current law
  - Increases existing comstead exemption for class 4 commercial property
    - Exemption grow from 22% in 2009 to 37.5% over four year cycle
- **Section 10 amends existing section 15-7-111**
  - Reduces reappraisal cycle from six years to four years
    - Requires phase in of values over four years
  - Requires DOR to provide RATIC with a sales assessment ratio study during the second year of the reappraisal cycle
- **Section 11 amends existing section 15-7-201**
  - Increases base water costs and labor costs associated with ag land irrigation
  - Acknowledge that the base crop for non-irrigated land is spring wheat
- **Section 12 amends existing section 15-16-102**
  - Amendment is necessary to reflect repeal of PTAP
- **Section 13 amends existing section 15-44-103**
  - Creates a forest lands taxation advisory committee
    - establishes terms
    - establishes scope of review

- **Section 14 amends existing section 47-1-111**
  - Amendment is necessary because the bill also repeals section 15-30-171 (Elderly homeowner/renter credit [2EC])
    - Repeal of 2EC includes repeal of formula used in 47-1-111 to determine indigence for purposes of assignment of legal counsel
  - Recodifies the formula that had existed in 15-30-171 into the text of 47-1-111
  - Does not result in a change in existing law
- **Section 15 amends existing section 53-6-1001**
  - Amendment is necessary because the bill also repeals section 15-30-171 (Elderly homeowner/renter credit [2EC])
    - Repeal of 2EC includes repeal of formula used in 53-6-1001 to determine gross household income for purposes of the prescription drug plus program
  - Changes citation from 15-30-171 to 47-1-111
  - Does not result in a change in existing law
- **Section 17 repeals various laws no longer necessary under the provisions of this bill**
- **Section 18 provides codification instructions**
- **Section 19 makes the bill effective upon passage and approval**
- **Section 20 makes the bill retroactively applicable to tax years after December 31, 2008**